



Our Commitment to Diversity

workforce, workplace, and marketplace

California Public Employees' Retirement System

Fiscal Year 2009-10

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Letter from the CEO

In the nation's most ethnically and culturally diverse State, CalPERS has a front-line view of diversity at work. One of California's greatest natural resources is its people.

We know first-hand that to maintain a competitive edge in today's marketplace we must have a visible commitment to diversity and the resolve to make our actions match our commitments.

During this past year, CalPERS continued to reach beyond the status quo and look in-depth at our path toward greater diversity. Our goal was to find new opportunities to promote a more satisfying and open environment in which staff, business and investment partners can reach their full potential.

We have many ongoing initiatives to help us become a more responsive and inclusive organization.

This report details our diversity-related activities in our internal operations and investment programs for the one-year period ended June 30, 2010. We welcome your thoughts and ideas on this report, and your suggestions for how we can continue to improve.

Sincerely,
Anne Stausboll
Chief Executive Officer



Executive Summary

The California Public Employees' Retirement System (CalPERS), headquartered in Sacramento, provides retirement and health benefit services to more than 1.6 million State, school and local public agency employees and their families and more than 2,300 public employers.

CalPERS is led by a 13-member Board of Administration, consisting of member-elected, appointed, and ex officio members. As of June 30, 2010, our membership consisted of 1,134,400 active and inactive members and 92,500 retirees, beneficiaries, and survivors.

Established by legislation in 1931, the System became operational in 1932 for State employees only. In 1939, public agencies were allowed to contract with CalPERS to provide retirement benefits for their employees. We began administering health benefits to State employees in 1962 under the Public Employees' Medical and Hospital Care Act. Local public agencies joined in our Health Program on a contract basis five years later.

CalPERS Philosophy on Diversity and Inclusion

As the nation's largest public pension fund, within the nation's most ethnically and culturally diverse State, we believe diversity and inclusion (D&I) in our workforce, workplace, and marketplace is essential to our business approach. Diversification is fundamental to building and maintaining a competitive advantage, because that competitive advantage requires the broadest possible array of talent, experiences, and perspectives.

Our workforce reflects our commitment to diversity and inclusion. As of June 30, 2010, based on information supplied voluntarily by employees, the

racial and ethnic diversity of our workforce closely reflects California's diversity. Twenty-eight different languages are spoken by staff members, making CalPERS a global community.

Our workplace reflects our commitment to diversity and inclusion. We administer an enterprise-wide, multifaceted diversity program through the CalPERS Diversity Outreach Program (CDOP). CDOP lays the foundation for the implementation of diversity goals established by federal and State regulatory bodies, the CalPERS Board of Administration, and Executive CalPERS Staff. CDOP leads the organization in developing and implementing programs that ensure CalPERS maintains a work environment that fosters and values quality, respect, diversity, integrity, openness, communication, and accountability.

Our marketplace reflects our commitment to diversity and inclusion. We work with our external partners to ensure diversity among suppliers for products and services in contracting and procurement activities. In 1998, we established the CalPERS Business Connection (CBC) as an aggressive outreach tool to small businesses. CalPERS maintains a strong record and constantly strives to enhance the participation of Small Businesses (SB), Disabled Veteran Business Enterprises (DVBE), and new emerging California businesses as our business partners.

This report will illustrate how CalPERS philosophy on diversity and inclusion is woven throughout the organization in our programs and our business practices.

Our Workforce

CalPERS Employee Profiles							CA Labor Force Profile ¹
Ethnicity	Male		Female		Total		Total
	Number	Percent	Number	Percent	Number	Percent	Percent
White	420	18.6	692	30.7	1112	49.3	51.7
African American	70	3.1	171	7.6	241	10.7	6
Hispanic	103	4.6	237	10.5	340	15.1	27.7
Asian	159	7.1	226	10.0	385	17.1	11
Filipino	29	1.3	65	2.9	94	4.2	N/A
American Indian	2	0.1	4	0.2	7	0.3	0.5
Pacific Islander	4	0.2	14	0.6	18	0.8	0.3
Other	28	1.2	29	1.3	57	2.5	2.8
Total	815	36.2	1438	63.8	2253	100.0	100.0

Profiles as of March 31, 2010, based on voluntarily-supplied information.
¹ U.S. Bureau of Census, 2000

Our People

The matrix above is based on voluntarily-supplied information provided to the CalPERS Human Resources Division. This data is organized according to the State Personnel Board (SPB) classifications.

Outreach and Education

CalPERS employs a number of strategies to seek talented and committed individuals and to ensure a constant pool of qualified applicants for positions at all levels. Every aspect of these activities incorporates attention to diversity and inclusion.

Important partnerships with educational institutions, cultivated over a number of years, continue to flourish and provide excellent opportunities for internships and student assistant positions in several of our key business lines. Despite the current fiscal challenges, we continue to implement broad-based recruitment efforts and market CalPERS as the employer of choice.

Here are some highlights from our Human Resources Services Division (HRSD) 2009-2010 activities, which paid special attention to expanding our staff recruitment net:

September 2009

- California State University, Sacramento (CSUS) Employer Partnership Day – Participated in this event celebrating and recognizing the partnership efforts with organizations involved in their programs.
- CSUS Fall Career Fair – Coordinated an organization-wide recruitment effort targeting students for online and continuous filing examinations for positions.

October 2009

- American River College Annual Career Fair – Coordinated an organization-wide recruitment effort targeting students for online and continuous filing examinations for positions.

- ITT Technical Institute – Coordinated with the Information Technology Services Branch to target students studying in an information technology-related field. Promoted online and continuous filing examinations for Assistant Information Systems Analyst, Associate Information Systems Analyst, Associate Programmer Analyst, Associate Systems Software Specialist (Technical), Data Processing Manager I, and Systems Software Specialist II/III (Technical/Supervisory).

November 2009

- CalPERS Tour – Hosted four California State University Sacramento (CSUS) Career Center staff members on a tour of CalPERS Headquarters in an effort to strengthen our relationship with CSUS. Two recruitment staff members gave a presentation on opportunities for CSUS students and graduates, while a representative from the Office of Public Affairs conducted a personal tour of the Investment Office trade room and the Sacramento Regional Call Center.

January 2010

- Charles A. Jones Skills and Business Education Center – Coordinated efforts to prepare and disseminate information to students regarding the State civil service hiring process. Conducted a presentation on the importance of customer service skills and CalPERS employment opportunities.

February 2010

- CSUS Spring Career Fair – Coordinated an organization-wide recruitment effort targeting students for online and continuous filing examinations for positions.

April 2010

- Sacramento City College 39th Annual Career Day and Job Fair – Coordinated an organization-wide recruitment effort targeting students for online and continuous filing examinations.
- Student Brochure – Collaborated with the Office of Public Affairs to enhance our already-aggressive outreach efforts by developing a student assistant brochure for organization-wide use.

May 2010

- Placer County Job Fair – Provided staff with an opportunity to meet the general public and to hand out information on the civil service process, including open examinations and current job vacancies.
- Pathways to Public Service – Participated in the CSUS Pathways to Public Service forum and networking event to provide students with information about various career opportunities within State government.

June 2010

- Greater Sacramento Urban League Diversity Job Fair – Coordinated an organization-wide recruitment effort targeting the general public for online and continuous filing examinations for positions.
- Advancing the Inclusion of the Disabled Training Symposium – Conducted outreach to symposium attendees and provided information on the civil service process, including open examinations and current job vacancies. Staff also attended workshops on developing more effective strategies to attract and retain applicants with disabilities.

Maintenance and Development

CalPERS is committed to hiring and retaining a high-performance workforce that reflects our State's rich diversity and responds to the needs of our increasingly diverse customer base. This commitment drives and empowers our staff to contribute to CalPERS success. We provide our staff with ongoing and extensive training opportunities to help them develop the knowledge and skills they need to become better, more fulfilled professionals. This, in turn, helps us better achieve our mission.

The CDOP staff works closely with the Human Resources Division (HRSD) on staff development and training initiatives that promote diversity and inclusion internally through marketing, training, and consultation. Promoting awareness helps CalPERS staff to understand, accept, and value our differences.

In 2009-10, CDOP and HRSD staff developed and implemented the following diversity-related outreach and educational activities:

- Regular Sexual Harassment Prevention Training sessions; mandatory for all new managers and supervisors.
- Presentations on Equal Employment Opportunity during monthly New Employee Orientations.
- The Leadership Essentials and Direction for your Emerging Role (LEADER); mandatory training and division management meetings on supplier diversity issues, which help ensure that we meet our small and disabled veteran enterprise business goals.
- Comprehensive educational modules on diversity and inclusion, sexual harassment prevention, discrimination prevention, and reasonable accommodation policies at LEADER training.

- Internal communications to support our diversity and inclusion education and outreach efforts utilizing our employee newsletter, *InCalPERS*, and Intranet website, the Insider.

Outside Counsel Diversity Project

The CalPERS Legal Office (LEGO) continues to work on our Outside Counsel Diversity Project with the National Association of Minority and Women-Owned Law Firms (NAMWOLF) to increase the scope of firms that respond to our solicitations for outside counsel and to encourage the commitment by outside counsel firms to diversity. LEGO is in the process of establishing outside counsel pools in specialty areas that we believe will result in more inclusive outside counsel contracting. LEGO will also be working with the Investment Office to increase awareness and commitment to outside counsel diversity among our asset managers.

State-Mandated Programs

- Submitted the 2009-2010 Implementation Plan to the State Personnel Board, pursuant to the Dymally-Alatorre Bilingual Services Act.
- Convened monthly meetings of the CalPERS Disability Advisory Council, pursuant to Government Codes 19230-19237 and 19795 (b).
- Submitted the CalPERS 2010-2011 Annual Workforce Analysis to the State Personnel Board, pursuant to Government Code 19797.



Our Workplace

Part of what makes CalPERS a “Destination Employer” are our ongoing efforts to maintain a positive, discrimination-free workplace where everyone respects the unique qualities and cultures of their co-workers. More important, the inclusive culture of the workplace leverages the unique talents of all our employees, enabling CalPERS to be more efficient.

These efforts start with leadership from the very top of the enterprise. Last year, CEO Anne Stausboll created the Diversity Executive Steering Committee, and charged it with supporting development and implementation of enterprise initiatives and outreach efforts. The Committee is comprised of executive staff and senior management with specific or potential diversity-related initiatives in their respective business lines and has already developed a charter, identified its mission, and updated the Diversity Policy to reflect CalPERS objectives regarding external investment and legal business partners. The quarterly meetings provide an opportunity to increase collaboration across enterprise programs,

The CDOP staff developed, implemented, or participated in the following internal and external activities enhancing appreciation for the many cultures in our community.

August 2009

- CalPERS staff participated in the Global Art Project’s Let’s All Join Hands. Thousands of professional and amateur artists, individuals, and groups on seven continents created and shared their visions of peace through this effort.
- CDOP sponsored the Sixth Annual Cultural Diversity Day at CalPERS, which celebrated the diversity of our workforce and community.
- CDOP staff attended the Black Economic Council Conference in Oakland. Attendees learned key components of business development, job creation, accessing capital, financial literacy, and equal employment opportunity.

- CDOP and Strategic Management Services Division (SMSD) staff sponsored the Annual Leadership Forum on Building and Maintaining an Inclusive Workforce.

September 2009

- CDOP staff attended the Department of Conservation’s Disability Awareness Event.

October 2009

- CDOP staff attended the Society for Human Resource Management Conference in San Diego, which included sessions on high-level diversity and inclusion strategic thinking.
- CDOP staff participated in the Chico Small Business Expo and Matchmaking Fair hosted by the California Public Utilities Commission, where attendees learned how to obtain State purchasing contracts.

November 2009

- CDOP attended the Department of General Services’ panels and workshops to advance supplier diversity, especially as it pertains to certified Small Business (SB) and Disabled Veteran Business Enterprises (DVBE). Advocates discussed new legislation that affects the SB and DVBE community, and a panel of top-performing advocates explained best practices for exceeding the mandated SB and DVBE goals.

January 2010

- CDOP sponsored a two-hour workshop for the CalPERS Executive Team and Senior Leaders on Understanding the Diversity and Inclusion Business Case, which explored leadership’s role in diversity.
- CDOP hosted a one-day workshop for 25 Equal Employment Opportunity Officers from various State agencies to engage in a dialogue on diversity.

Participants learned how their own personal actions could create a more inclusive environment and understand how their cultural backgrounds influence their view of the world and ability to interact with colleagues effectively.

March 2010

- CDOP conducted a presentation, Managing a Multigenerational Workforce, for the CalPERS Diversity Executive Steering Committee. This educational and development session explored CalPERS multigenerational workforce and the impact of generational differences on management.
- CDOP organized an all-day diversity and inclusion work session with 30 employees from across enterprise business lines. This session helped develop a framework for an Enterprise Diversity and Inclusion Strategic Plan.

April 2010

- CDOP staff attended Linkage's Diversity Summit in Atlanta, GA. The diversity and inclusion program teaches organizations how to create work environments that breed success.

May 2010

- CDOP staff attended the Disabled Veteran Business Enterprise's "Keeping the Promise" conference in Irvine. Attendees learned how to obtain State purchasing contracts.
- CDOP sponsored the annual Disability Awareness Day event in partnership with the Office of Statewide Health Planning and Development. This event brings together community-based organizations that focus on increasing public awareness and providing assistance to individuals with various disabilities.
- CDOP hosted the Diversity Quarterly Brown Bag

Luncheon Series with special guest Sacramento Taiko Dan. CalPERS staff learned about the rich cultural history behind Taiko drums and enjoyed a drumming demonstration.

June 2010

- CDOP presented Managing a Multigenerational Workforce to our Human Resources Division managers.
- CDOP staff attended the California Association of Equal Rights Professionals Annual Training Conference, "The Changing Dynamics of Equal Opportunity," in Burbank. Attendees learned effective strategies to promote diversity, inclusion, and affirmative actions to further equal rights and access to opportunity in employment, education, and contracting; and to establish ethical standards in their organizations by providing education, advocacy, and leadership.

Ongoing Activities

- CDOP staff attended regular meetings of the California Civil Rights Officers' Council to learn the latest Equal Employment Opportunity (EEO) issues and information.
- CDOP staff participated in the State Disability Advisory Committee monthly meetings to discuss new resources, current events, and share ideas with other State agencies.
- CalPERS Disability Advisory Council met monthly to advise and assist the Chief Diversity/EEO Officer on the development, implementation, and evaluation of EEO programs and activities mandated by the Americans with Disabilities Act of 1990.
- CDOP staff attended regular SB/DVBE advocates meetings and customer forums presented by the Department of General Services to remain apprised of SB/DVBE and contracting-related news and best practices.



Our Marketplace

In 2009-10, the CalPERS Business Connection Program (CBC) promoted diversity among our business partners by participating in numerous conferences and business expos where supplier diversity was the dominant theme. In addition, staff assisted Small Businesses (SB) and Disabled Veteran Business Enterprises (DVBE) with the certification process to enhance their opportunities with CalPERS and other State agencies.

Facilitating the growth of SBs and DVBEs also advances California's economic well-being. Small businesses employ more than half of the State's workforce, so it is in our best interest to support these businesses. When the small business sector thrives, the State's economy will as well.

Delivering Our Message

The CBC program reached approximately 1,500 SB and DVBE vendors and other interested entities through direct participation in outreach events between July 1, 2009, and June 30, 2010.

These events sought to improve SB/DVBE participation in CalPERS contracting and procurement opportunities while raising awareness of SB/DVBE and other targeted business types, through networking, information sharing, and relationship-building. The CBC program played a key role in the following events:

August 2009

- Black Economic Council Conference, Oakland – CDOP staff attended the Black Economic Council Conference in Oakland. Attendees learned key components of business development, job creation, accessing capital, financial literacy, and equal employment opportunity.

October 2009

- Small Business Expo and Matchmaking

Fair, Chico – CDOP staff participated in the Chico Small Business Expo and Matchmaking Fair hosted by the California Public Utilities Commission. Attendees networked and learned how to obtain State contracts for purchasing goods and services.

May 2010

- Keeping the Promise 2010 – DVBE Alliance's Annual Keeping the Promise Symposium, Irvine – CBC staff hosted an exhibitor booth to extend outreach to DVBEs. The DVBE Alliance helps veterans become certified, create businesses, and obtain their goals. CBC shared information with hundreds of DVBE vendors.

Marketing Efforts

In addition to participating in the events above, the CBC:

- Partnered with El Dorado County to distribute CBC marketing materials about CalPERS supplier diversity on their business walks.
- Conducted a direct mail campaign to certified SBs and DVBEs in industries applicable to current CalPERS bid solicitations.

Building Diversity, Driving Success

CBC's outreach efforts are varied and widespread.

Internally, we focused on educating employees about the value and benefit of purchasing from SB and DVBE businesses.

Taking the Initiative

- CBC's staff liaison trained new employees, managers, and supervisors on the CBC program, shared CalPERS SB/DVBE goals, and emphasized employees' role in the effort.

- Presented the value of purchasing products and services from SBs and DVBEs to division management and staff.
- Continued a partnership and collaboration with CalPERS Operations Support Services Division (OSSD) to increase our organization's SB/DVBE participation.
- Collaborated with OSSD, Information Technology Services Branch (ITSB), and the Office of Public Affairs (PAOF) to enhance the WeBuy system and make it easier for staff to identify certified SBs and DVBEs when placing product and service orders.

Supplier Diversity Compliance

We report our SB/DVBE progress and other contracting information to the Department of General Services (DGS) annually. CBC staff gathers, processes, and analyzes the data while coordinating the completion of this organization-wide endeavor.

- Reported fiscal year (FY) 2008-09 SB and DVBE contract and procurement participation to the DGS in August 2009.
- Reported on FY 2008-09 contracts issued through the SB and DVBE Option to DGS in August 2009.
- Reported on FY 2008-09 Ethnicity, Race and Gender contract participation to DGS in August 2009.
- Reported on FY 2008-09 consulting services to in August 2009.

In addition, the CBC provides SB and DVBE advocacy services, pursuant to the Government and Military and Veterans Codes. In FY 2009-10, CBC provided the following advocacy services:

- Facilitated the resolution of contracting issues with certified SB and DVBE contractors and subcontractors.

- Resolved Prompt Payment issues with certified SBs.
- Provided personal assistance to individual uncertified businesses – encouraging and assisting them with the DGS State Small Business and Disabled Veteran Business Enterprise Certification process.

Future Plans

The CBC program has several initiatives currently underway or that will be implemented in fiscal year 2010-11, including:

- Collaborating with Operations Support Services Division (OSSD) to encourage our contractors and suppliers to become certified at the time of bid (prior to contract or purchase order approval dates).
- Strengthening an internal campaign to further promote the program and encourage CalPERS staff to use certified SB and DVBEs for products and services currently provided by non-certified companies.
- Collaborating with OSSD to conduct bidders conferences to provide networking opportunities for SBs and DVBEs.
- Enhancing SB/DVBE marketing materials.
- Identifying and encouraging SB and DVBE contract participation opportunities in our Health Benefits Branch and Investments Office.
- Participating in business tradeshow, conventions, and events to promote CalPERS contracting opportunities (often partnering with the Department of Veteran's Affairs and/or the DGS).
- Developing policies with OSSD and the Executive Office to strengthen the SB/DVBE program.

Investing in Diversity: The CalPERS Investment Office

The CalPERS Investment Office strives for long-term, sustainable, risk-adjusted returns to advance the financial security of our participants and beneficiaries. To maintain a competitive edge in the investment industry, the CalPERS Investment Office leverages the skills and ideas of all industry participants, which in turn contributes to the overall success of the pension fund. This philosophy is not limited to one asset class or program; it is integrated into every facet of the Investment Office.

The Investment Office utilizes several customized investment portfolio management programs designed

by staff to promote and drive diversification of CalPERS investments. This proactive approach to investing has provided opportunities and resources for the investment industry as a whole.

Our focus on diverse investment opportunities is imperative to successfully competing in the global capital marketplace. CalPERS integrated diversity and inclusion strategy focuses Investment Office resources on Portfolio Management and External Outreach initiatives. These initiatives grew from our efforts to implement the Board of Administration's diversity policy objectives.

CalPERS Marketplace Diversity Initiatives

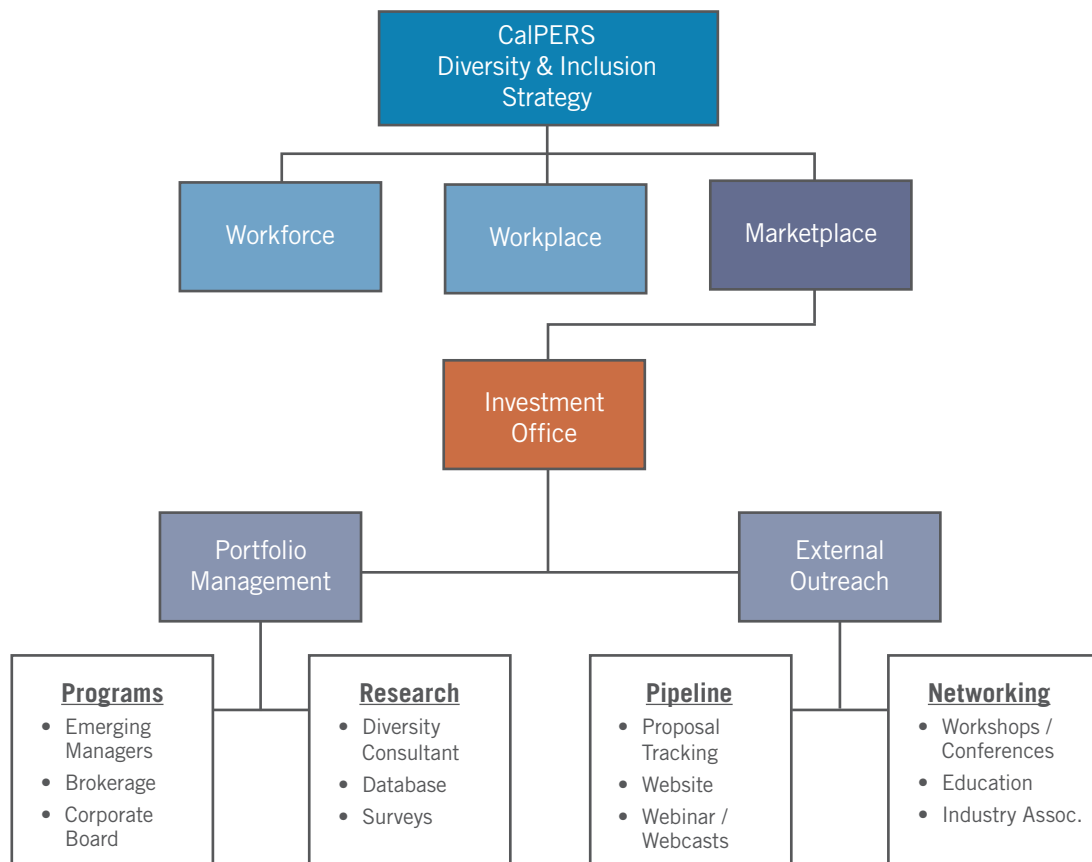


Table 1 – CalPERS Assets Under Management

Asset Class as of June 30, 2010 (in \$ Billions)	Total Fund	Global Equity	Fixed Income	AIM Program	Real Estate	Inflation Linked
Net Assets Value (NAV)	201.6	91.9	53.4	28.7	15.2	5.0
Internal Management ¹	128.1	69.0	48.0	1.3	0.0	2.3
External Management	73.6	23.0	5.3	27.4	15.2	2.7
Percentage of NAV Externally Managed	36.5%	25.0%	10.0%	95.4%	100.0%	53.8%
Total Number of External Managers ²	718	239	19	380	75	5

Notes:

1. Internal management Net Asset Value for Total Fund includes cash and cash equivalent assets

2. Includes captive vehicles and commingled fund of funds managers, and look through to their underlying portfolios

In Portfolio Management, we develop, implement, and evaluate programs that utilize new and emerging investment management and related financial service provider firms. Our external outreach efforts create a robust pipeline of new and emerging investment manager opportunities and host dynamic outreach initiatives, all of which are designed to feed into idea generation for the Investment Office.

The following information highlights activity from July 1, 2009, through June 30, 2010, (fiscal year 2009-10) in each of the investment programs used to evaluate our progress toward a more diverse representation among the individuals and firms with whom we do business.

Portfolio Management Initiatives

The Investment Office takes a disciplined and comprehensive approach to cultivating value from

diverse investment opportunities in all asset classes, brokerage trading operations, and corporate board governance. Assets are allocated across five major asset classes with the portfolio management function structured along corresponding coverage units, including the Alternative Investment Management Program (AIM), Global Fixed Income, Global Equity, Inflation Linked and Real Estate units. [Table 1](#) provides an overview of CalPERS assets under management.

A majority of the approximately \$201.6 billion in net asset value overseen by the Investment Office are internally managed, largely in globally-traded public market securities representing fixed income and equity strategies. Approximately \$73.6 billion or 36.5 percent of total assets are externally managed by nearly 718 firms, including advisory and portfolio management service providers. The vast majority of CalPERS external managers assist the AIM Program and Global

Table 2 – CalPERS Public Market Trading Operations

Fiscal Year 2009-10	Fixed Income	Global Equity
Total Number of Brokerage Trading Relationships	63	37
Total Trading Volume (\$ Billions) ¹	67.6	23.6

Notes:

1. Excludes currency, derivatives and short term instruments from market value of transaction volume

Equity units to help meet the Board of Administration's total investment return objectives.

The Investment Office internally manages approximately \$48.0 billion in global fixed income securities and another \$69.0 billion in global equity securities utilizing 100 brokerage firms as securities trading counterparties. [Table 2](#) provides an overview of trading operations for internally managed assets within the Global Fixed Income and Global Equity units.

Both units engage diverse counterparties as a key part of the overall diversity strategy for the portfolio management function within CalPERS Investment Office, and their specific efforts are discussed later.

The Investment Office has created several marketplace leading programs that support new and emerging investment managers. [Table 3](#) provides an overview of portfolio management strategies utilizing new and emerging investment managers in each asset class. The definition of a new or emerging investment management firm is tailored by each asset class to be responsive to specific marketplace dynamics for each strategy.

Publicly Traded Markets – Global Equity

Global Equity Unit - Corporate Governance

CalPERS believes good corporate governance leads to better stock price performance. We seek corporate governance reform to protect our investments. We also work closely with regulatory agencies to strengthen the financial markets, and we invest with partners that use corporate governance strategies to enhance the value of our fund. We believe shareowners and companies alike need to recruit from the broadest pool of talent available, which is diverse, global in experience, and at its core, qualified in order to deliver sustainable value creation. There is broad agreement in the marketplace that a diverse corporate board is good for business. Corporate boards require a good mix of attributes, experiences, perspectives, and skill sets to drive sustainable value creation. A strong, vigorous, and well-rounded board of directors is integral to achieving these goals.

Table 3 – Definitions of Emerging Manager by Asset Class Program

Asset Class Parameters	Global Equity			Fixed Income	AIM Program
Emerging Manager Program Name	Manager Development Program (MDP)	Emerging Manager Fund of Funds	Emerging Fund of Hedge Funds		Special Programs /Capital Link
Investment Strategy	Long Only-Publicly Traded Securities	Long Only-Publicly Traded Securities	Hedge Funds	High Yield & MDP ¹	Private Equity Funds
Product Size	None	None	< \$1B	None	None
Firm Assets	< \$2B	< \$2B	< \$2B	< \$2B	None
Length of Track Record	None	None	None	None	First or Second Institutional Fund

Notes:

1. MDP II mandate expanded to include emerging managers in Fixed Income asset class

In 2008, the Board of Administration adopted amendments to its Global Principles of Accountable Corporate Governance to further support corporate board diversity.

Throughout fiscal year 2009-10, the Corporate Governance staff incorporated corporate board diversity into its financial market reform initiatives. During this period, the Securities and Exchange Commission included corporate board diversity as one of its agenda items and invited comments from investors to express their perspectives. CalPERS comments reiterated our principles that a corporate board of directors should establish and disclose the mix of director attributes, experiences, diverse perspectives and skill sets most appropriate to focusing attention on optimizing company operating performance and total stock return. Furthermore, when reviewing director nominations, a corporate board should consider director tenure and board diversity, and take steps necessary to ensure that the board is open to new ideas and can critically examine the status quo.

CalPERS strongly advocated for the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which was signed into law by President Obama in July 2010. This legislation represents a historic advancement in financial market reform, and authorizes the Securities and Exchange Commission to implement proxy access, a longtime CalPERS goal. CalPERS believes proxy access will allow reasonable access for shareholders to place nominees on corporate proxy ballots with all nominees being subsequently subject to a vote of the majority of shareowners. With proxy access becoming a reality in the United States, there is a need for shareowners to have a facility to identify and propose candidates for corporate board director positions. This need must be addressed by the creation of a process with wide support from the shareowner community, to identify and vet director candidates from a diverse pool of talent.

Creating a process to populate such a pool not only affords shareowners with an expanded pool of talent from which to draw, but it further supports director succession planning processes that currently exist on corporate boards. Even without an effective proxy access mechanism, there is still the need for a professional facility from which to draw qualified and diverse director talent.

CalPERS strongly supports initiatives that help to identify pools of diverse talent suitable for the corporate boardroom and has recently initiated the Diverse Director Database (3D) project in partnership with the California State Teachers' Retirement System (CalSTRS). Through this initiative, a broad coalition of interested parties, including shareowners, diversity experts and practitioners, academics, company executives, corporate board members, and labor representatives, were brought together to help build consensus and generate ideas for this effort. CalPERS and CalSTRS then formed an Advisory Panel from a subset of this Alliance Group to guide the development of the 3D initiative.

CalPERS has established an electronic mailbox (DiverseDirectorDatabase@calpers.ca.gov) to accept 3D inquiries with the expectation of commissioning a third party to further develop and implement the program. The Wall Street Journal reported extensively on this initiative in a June 2010 article.

Global Equity Unit - External Equity

Three important programs developed by the External Equity team cultivate the next generation of portfolio management talent for CalPERS global equity strategies. All portfolios are managed by professional external investments managers in an attempt to earn an attractive risk-adjusted return. The Manager Development Program (MDP) and the Emerging Manager Fund of Funds Program seek out small and emerging public equity managers, and the Emerging Fund of Hedge Funds Program identifies newer or

smaller hedge funds, or hedge funds operating unique strategies.

Launched in 2000, the Manager Development Program allocates capital to new or emerging investment management firms and it invests as a minority stakeholder in selected firms to finance either venture capital for entrepreneurial acceleration or growth equity for product line expansion.

The Emerging Manager Fund of Funds Program was launched in 2007 to complement MDP. This program also allocates assets to small and emerging public equity investment management firms; unlike MDP, however, it does not seek an ownership stake. This program began with \$600 million in total allocated capital to two advisory firms.

MDP was initially structured as a limited partnership (a private, fixed-life and closed-end fund) with allocated commitment capital of \$3 billion. A follow-on program (MDP II) was established in 2006 and is structured with no defined investment period or committed capital but rather designed to be invested opportunistically. The combined policy ranges for MDP II and the Emerging Manager Fund of Funds programs target between 1 percent and 5 percent of allocated assets to global equity. The Board of Administration approved combining the two ranges in March 2009, allowing staff more flexibility to fund emerging managers as opportunities arise in different market environments as well as broadening the opportunity set to include fixed income strategies.

Also in 2007, the Global Equity Unit launched the Fund of Emerging Hedge Funds Program, its third emerging manager program with an initial allocation of \$450 million to invest in a multi-strategy portfolio of emerging hedge funds. Approximately 22.8 percent of the underlying managers have successfully attracted additional capital since CalPERS initial funding; each currently exceeds a key selection criterion of having less than \$1 billion in firm assets under management. In May 2010, the total assets allocated to this program increased by \$100 million.

CalPERS partners with advisors who specialize in emerging manager fund of funds, who in turn select the underlying new and emerging investment management firms based on market opportunities, expected future returns and their risk/return profile. The External Equity team and its advisory partners continually monitor, support, and promote the underlying managers in each of the programs. Several of the advisory firms are either significantly controlled by, substantially owned by, or majority owned by minority or woman led management leadership teams.

Since emerging manager programs do not have defined targets for inclusion of minority, woman or disabled veteran (MWDV) owned firms, CalPERS strongly encourages its external advisors to seek out and fully vet all potential managers, especially firms historically overlooked. To that end, the Fund of Emerging Hedge Funds Program employs Mosaic Investment Advisors, Inc. (Mosaic), a specialist diversity and emerging manager consultancy firm, to assist with pipeline development. Mosaic also coaches high potential organizations to compete for institutional investment mandates.

Table 4 (page 18) details assets under management within the Global Equity Unit by amount of net asset value and number of firms that fit our definitions for new and emerging investment managers and that are majority MWDV-owned firms.

Approximately \$23 billion of CalPERS net assets are externally managed by 239 firms focused on global equity strategies as shown in Table 1. Nearly 44 percent of them are new and emerging investment management firms. As Table 4 shows, 11.7 percent of CalPERS total net asset value that is externally managed in the Global Equity Unit is contracted with 104 firms that met definitions for new and emerging investment management firms at the time of their initial funding. Approximately 29 majority MWDV-owned firms managed 4.7 percent of externally managed Global Equity assets.

Table 4 – CalPERS Global Equity Diversity and Emerging Manager Programs

Asset Class	Total Fund	Global Equity as of June 30, 2010 (in \$ Millions)			
Emerging Manager Program Name		Total	Manager Development Program ¹	Emerging Manager Fund of Funds	Emerging Fund of Hedge Funds
Emerging Investment Management Firms ³					
Net Assets Value (NAV)	8,253	2,684	1,637	555	492
As a Percent of Externally Managed NAV	11.2%	11.7%	100%	100%	100%
Total Number of External Managers ²	297	104	10	23	71
>50% MWDV-Owned Firms					
Net Assets Value	3,246	1,072	699	323	50
As a Percent of Externally Managed NAV	4.4%	4.7%	42.7%	58.2%	10.1%
Total Number of External Managers ²	76	29	7	15	7
Minority and Women-Owned Firms					
NAV Managed by Minority-owned Firms	2,677	804	548	219	37
As a Percent of Externally Managed NAV	3.6%	3.5%	33.5%	39.5%	7.5%
Total Number of External Managers ²	59	20	5	10	5
NAV Managed by Women-owned Firms	591	280	151	116	13
As a Percent of Externally Managed NAV	0.8%	1.2%	9.2%	20.9%	2.6%
Total Number of External Managers ²	22	11	2	7	2

Notes:

1. Phase II of Manager Development Program expanded mandate includes emerging managers in fixed income asset class

2. Includes captive vehicles and commingled fund of funds managers, and look through to their underlying portfolios

3. Net Asset Value and Total Number of External Managers includes firms based outside the U.S. and/or pursuing investment strategies in geographic regions outside the U.S.

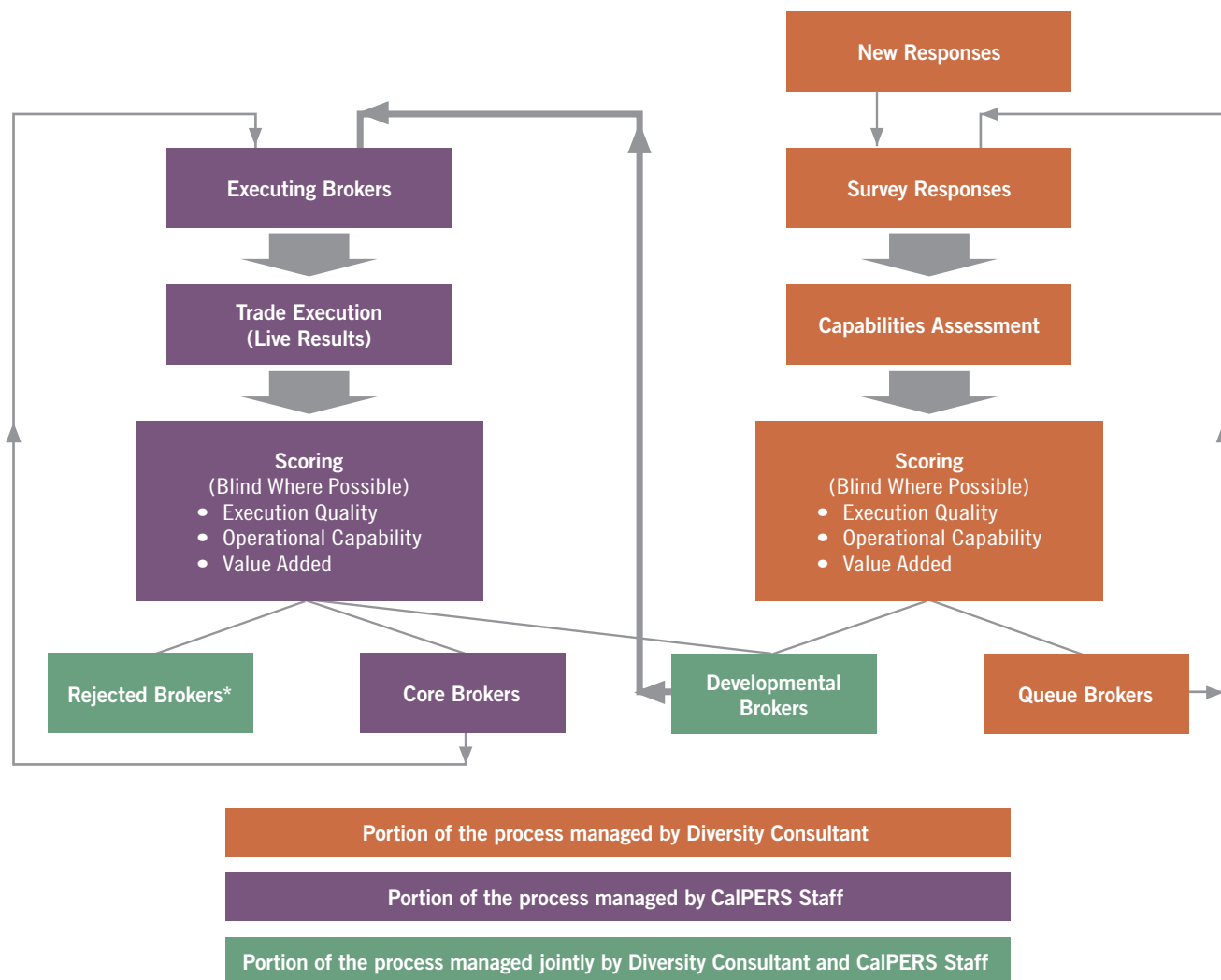
In 2009, Hedge Fund Research, Inc. identified that approximately 100 of the 5,500 known hedge funds represent women and minority owned firms, less than 2 percent of the total database.² Comparatively, seven majority MWDV-owned hedge funds manage approximately \$50 million or 10.1 percent of net asset value in the Emerging Fund of Hedge Funds program.

Global Equity Unit - Internal Equity

Prior to 2008, the Internal Equity team performed broker selection and allocation on an ad-hoc basis, resulting in an excessive number of counterparties and reduced opportunities for MWDV-owned brokerages. Beginning in 2008, Global Equity Unit collaborated with Mosaic to develop an improved brokerage model.

² Source: Hedge Fund Research, Inc is an independent hedge fund database aggregator and defines minority or woman ownership if more than half of the management company is owned by one or more of the following: Woman, African-American, Hispanic-American, Native American or Asian-American.

Internal Equity Brokerage Program



This improved model allows CalPERS to efficiently identify and provide opportunities for MWDV brokers. This revised process also has reduced an excessive number of counterparties, improved performance for brokerage service (as measured by execution quality, operational capability, and value added), and provided increased participation and equity opportunities to a diverse set of counterparties. The Global Equity Unit plans to further refine the business model during semi-annual cycles for evaluating its effectiveness in meeting CalPERS Investment Office goals.

³ Source: Mosaic

Table 5 (page 20) details Internal Equity's U.S. Domestic trading operations from June 2008 to June 2010. While the overall number of brokers decreased from 78 to 28, the number of MWDV brokers increased. More important, the dollars and percentage of commission paid to MWDV brokers have increased materially. Prior to revamping the business model, the percentage of commissions paid to MWDV-owned brokerages ranged from 10 percent to 15 percent. By June 30, 2010, this figure increased to 48 percent, one of the highest participation levels achieved among any U.S. institutional investor.³

Table 5 – CalPERS U.S. Domestic Equity Trading Operations Diversity

Time Period	Number MWDV of Brokers	MWDV as Percent of Total Number of Brokers	MWDV Cpty Commission as a % of Total
Pre June 2008	9	12%	12%
6/30/10	12	42%	48%
Diversity	Minority-Owned Cpty	Women-Owned Cpty	Disabled Veteran-Owned Cpty
6/30/10	9	4	1

Publicly Traded Markets – Fixed Income

The Fixed Income program continues to seek out opportunities to increase transactions with emerging dealers, including MWDV-owned dealers, for new issuance trades. During fiscal year 2009-10, staff met with emerging dealers, including four MWDV dealers, to establish relationships. As shown in Table 6, the number of MWDV dealers increased from 20 to 25 during the fiscal year and the market value of transaction volume processed remained constant at approximately \$4.1 billion.

The Fixed Income program, with the assistance of Mosaic, has facilitated the inclusion of emerging brokers onto the MarketAxess Platform. By doing so, CalPERS is enhancing opportunities for traditionally underutilized brokers.

CalPERS continued to maintain investments in pools of Community Reinvestment Act (CRA) home and multi-family mortgages, that provide capital to underserved markets in California. As of June 30, 2010, CalPERS held \$221.4 million in CRA mortgages.

Private Capital Markets – Alternative Investment Management Program Unit (Private Equity)

Since inception of the AIM program in 1990, Investment Office staff have strived to identify new and emerging investment management firms, including those with diverse ownership. The AIM program has experienced substantial growth in total allocated capital over the past decade, leading it to become a significant asset class strategy that now represents approximately 14.2 percent of CalPERS assets under management. Throughout this evolution, utilization of new and emerging investment management firms has been an integral part of the AIM strategy and investment process.

The AIM program today oversees a globally diversified portfolio of limited partnerships, co-investments, and holding company interests. It has an aggregate net asset value of approximately \$28.7 billion with nearly 380 firms that are globally pursuing private equity, venture capital and special situations strategies. Since inception of the program, AIM has made capital commitments totaling \$62.4

Table 6 – CalPERS Fixed Income Trading Operations

Diversity of Counterparties	FY 2009	FY 2010
Total Number of MWDV Brokers/Dealers	20	25
Minority-Owned Brokers/Dealers	16	17
Woman-Owned Brokers/Dealers	2	6
Disabled Veteran-Owned Brokers/Dealers	2	2
Total MWDV Broker/Dealer Volume (in \$ Billions)	4.1	4.1
Percentage of Total Fixed Income Trading Volume	3.7%	6.1%

billion, of which \$14.9 billion has been committed to new and emerging investment management firms. Commitments to majority MWDV-owned firms totaled \$3.2 billion.

Table 7 details net assets under management within AIM by amount of net value and number of firms that fit definitions for new and emerging investment managers and that are majority MWDV-owned firms.

In fiscal year 2006, the program's updated strategic plan called for restructuring the portfolio toward larger relationships with fewer partners while implementing customized new investment vehicles targeting attractive

sectors. In 2007, the AIM Program implemented a specialized program called Capital Link to identify and invest in new and emerging investment management firms. The mandate for the fund of funds advisor to Capital Link, which is an emerging investment advisory firm, includes the ability to commit capital with general partner teams seeking to raise their first or second institutional limited partnership fund.

Since its inception, the AIM program has committed to 239 firms sponsoring either their first or second institutional fund, of which active commitments to 193 firms are currently represented

Table 7 – CalPERS AIM Program Diversity and Emerging Manager Programs

Asset Class as of June 30, 2010 (in \$ Millions)	Total Fund	AIM Program ¹	
Emerging Manager Program Name		Total	Special Programs/ Capital Link
Emerging Investment Management Firms ³			
Net Assets Value (NAV)	8,253	5,569	385
As a Percent of Externally Managed NAV	11.2%	20.3%	95.3%
Total Number of External Managers ²	297	193	40
>50% MWDV-Owned Firms			
Net Assets Value ²	3,246	1,723	133
Percent of Externally Managed Assets	4.4%	6.3%	32.8%
Total Number of External Managers ²	76	38	13
Minority and Women-Owned Firms			
NAV Managed by Minority-owned Firms	2,677	1,440	124
As a Percent of Externally Managed NAV	3.6%	5.3%	30.7%
Total Number of External Managers ²	59	31	11
NAV Managed by Women-owned Firms	591	294	16
As a Percent of Externally Managed NAV	0.8%	1.1%	3.9%
Total Number of External Managers ²	22	10	4

Notes:

1. Total Number of External Managers since 1990 inception of the AIM Program

2. Includes captive vehicles and commingled fund of funds managers, and look through to their underlying portfolios

3. Includes firms based outside the U.S. and/or pursuing investment strategies in geographic regions outside the U.S.

in the program's reported net asset value. These emerging managers have invested approximately \$5.6 billion of AIM program net assets. Capital Link has committed \$1 billion to 40 new and emerging investment management firms, which currently manage approximately \$385 million in net assets. MWDV-owned firms account for 38 of the 380 in the total number of firms in the AIM program, with Capital Link selecting 12 of these firms. MWDV-owned firms managed approximately \$1.7 billion of AIM program net asset value.

Private Capital Markets – Real Estate Unit

Our Real Estate program is continually seeking out and reviewing a variety of diverse business opportunities, which include new, small, emerging and MWDV-owned investment managers.

Table 8 shows diversity initiatives for the Real Estate Unit. As of June 30, 2010, the Real Estate Unit has allocations to 12 funds managed by nine managers of diverse ownership, with \$1.33 billion committed to these funds. Due to market adjustments such as value declines, de-levering, and portfolio restructuring, the equity invested with managers of diverse ownership decreased from \$939 million to \$451 million, a decline of 52 percent. The net asset value of MWDV-managed assets represents 3 percent

of the total Real Estate's portfolio net asset value.

The Real Estate Unit has an annual budget of \$5.4 million earmarked for external professional real estate consultants. From July 1, 2009, through June 30, 2010, the Real Estate Unit awarded 23 percent of total consultant contract dollars to firms of diverse ownership.

Internal and External Outreach

Diversity Program Investment Officer

In 2004, CalPERS created the Diversity Outreach Program and hired a diversity coordinator to manage its efforts. Three years later, the program's role had expanded to require two diversity coordinators, one for internal and one for external communications. In 2009, the scope of the external coordinator's role was tightened and enhanced to focus on the financial services marketplace by changing the external position to an Investment Officer III, reporting to the Chief Investment Officer. CalPERS filled this position in January 2010.

The Investment Officer for Diversity Programs serves as a resource for new and emerging investment managers and coordinates activities between the diversity program and the asset classes. The marketplace response has been overwhelmingly positive; frequently, requests regarding investment

Table 8 - CalPERS Real Estate Unit Diversity

Real Estate	2008	2009	2010	Increase (Decrease) 09 to 10
Funds Managed by Firms with MWDV Ownership	12	12	12	(0%)
Dollars Committed to MWDV Managers (Billions)	\$3.4	\$3.4	\$1.3	(62%)
NAV of MWDV Managers (Millions)	\$1,300	\$939	\$451	(52%)
Percentage of Assets Invested by MWDV Managers (MWDV NAV Dollars compared to total RE NAV Dollars)	5.8%	6.6%	3.0%	(55%)

proposals come specifically to the attention of the Investment Officer for Diversity Programs. In addition, the Investment Officer fields many inquiries from aspiring entrepreneurs with preliminary business plans. CalPERS encourages proposers with sufficiently advanced plans to submit their investment proposal using our new online proposal submission system.

New Investment Proposal Submission Website

In 2010, the CalPERS Investment Office developed a convenient and secure way to submit investment proposals through the CalPERS website. New and emerging investment managers can now transmit their proposals directly to the Investment Office for review and consideration. The system is accessible on the Investment Office website at www.calpers.ca.gov.

Once submitted, a proposal is forwarded to the appropriate asset class for review, and the proposer receives a confirmation number. The proposal may be declined, accepted for additional due diligence by Investment Office staff, or referred to one of CalPERS external advisory partners for further review.

Industry Association Partnerships

CalPERS is a longstanding supporter of numerous industry trade associations, including those representing ethnicity and gender affinity groups within the financial services industry. For example, the Real Estate Unit became a founding member of the Emerging Manager Affinity Group led by the Pension Real Estate Association (PREA). The purpose of the affinity group is to convene industry peers to discuss recent internal activity and current issues, challenges, and opportunities observed or experienced relative to the emerging manager space. To advance CalPERS diverse director nomination initiative, Investment Office staff included participation by efforts of organizations dedicated to financial services diversity issues such as the Association of Asian American Investment

Managers, National Association of Investment Companies, National Association of Securities Professionals, New America Alliance and the Robert A. Toigo Foundation.

Workshop and Conference Events

CalPERS organizes numerous outreach activities throughout the year to share expertise and create networking opportunities for new and emerging investment managers. This helps CalPERS strengthen as an organization, support diversity in the asset management industry, and develop partners who can further enhance diversity throughout the industry.

Between September 2009 and June 2010, CalPERS and CalSTRS jointly organized a series of workshops to formulate the diverse director nomination initiative, including:

1. “Diversity on Corporate Boards” at Stanford University, co-hosted by the University’s Arthur and Toni Rembe Rock Center for Corporate Governance and its Center on The Legal Profession.
2. Facilitated a follow-up working group meeting where attendees discussed how to create a new pool of director talent and the associated challenges.
3. “How Can Investors Handle New Board Election Powers?” and “Is it Time for a U.S. Corporate Governance Code?” panels at the Yale Governance Forum 2010 conference.

These workshops explored how a mixture of cultures, gender, and ethnicity on corporate boards maximizes shareholder value. Nearly 100 attendees at the Stanford University workshop also participated in a discussion on shareowners’ role in board nominations and broadening the director talent pool. This led to follow-up workshops examining best practices for diverse director nominations.

In February 2010, CalPERS co-sponsored an investment workshop entitled “How to do Business

with CalPERS and CalSTRS” which included the five California Legislative Caucuses, representing Asian Pacific Islander, African American, Latino, Lesbian, Gay, Bisexual and Transgender (LGBT) and Women’s communities. The workshop information sessions offered guidance to new and emerging investment firms in public equity, hedge fund and private equity, and provided networking opportunities among firms as well as interaction with key CalPERS and CalSTRS Investment Office staff and advisory partners.

Investment Office staff participated on panels at “The Consortium: A Forum for Plan Sponsors, Minority and Women-Owned Firms” in June 2010. Topics included: “The Changing Landscape: A Look at Emerging Manager Programs & What’s Ahead” as well as “Industry Breakout” tracks related to analyzing the state of the hedge fund and real estate marketplaces.

The Consortium is produced by RG & Associates, a consultancy in CalPERS Spring-Fed Pool for Investment Opportunities through Diversity. In its seventh year, The Consortium attracted more than 350 investment professionals representing close to \$1 trillion in assets under management last year. Of note, the first Annual Emerging Manager Bootcamp for this year’s event was the result of a collaborative brainstorming effort between Investment Office staff and the event organizers. Representatives from CalPERS, CalSTRS and Centinela Capital Partners participated as the judging panel, which, according to the producers, “received nothing but very strong and positive feedback because the Bootcamp provided information that many people needed and were interested in.”

CalPERS routinely shares best practices among peer organizations. During the past year, several contacted the Investment Office to learn more about CalPERS design and implementation of diversity initiatives and emerging manager programs.

The Investment Office and the Office of Governmental Affairs staff also worked with various legislative offices and other parties during the 2010

legislative session, providing education on many CalPERS investment issues, and the ongoing process of developing better reporting practices.

Research Collaboration

In January 2010, The National Association of Investment Companies (NAIC) approached CalPERS, CalSTRS, and The New York Common Retirement Fund to participate in their white paper research project to study best practices among each of our respective emerging manager programs. Founded in 1971, the NAIC is an association of largely private equity and venture capital firms and individual investment professionals whose primary focus is investment in an ethnically diverse marketplace.

NAIC engaged James H. Lowry & Associates to author this study. The research team conducted extensive onsite interviews with CalPERS Investment Office senior staff. NAIC also invited other plan sponsors who had newly formed programs, or were contemplating implementation of a new program, to participate.

Some common best practices, as observed, include:

- Top management commitment and support
- Clearly stated goals and objectives
- A well-structured and well-understood definition of “emerging manager”
- Strong, knowledgeable day-to-day leadership
- Innovative and well-conceived programs
- Experienced strategic partners with proven track records
- Broad outreach to the emerging manager community
- Transparency and effective communication to shareholders and the community

An executive summary of this white paper initiative titled “Best Practices; Emerging Manager Programs” was scheduled to be published in the Fall 2010 issue of The Journal of EDM Finance and distributed at the NAIC Convention in October 2010.

Databases help to bridge information and knowledge gaps within the marketplace. CalPERS and CalSTRS jointly seeded creating the first-of-a-kind database of financial service providers to capture the universe of MWDV-owned and emerging investment management firms. Our goal was to create an industry reference guide, promote information transparency, and broaden the opportunities for adding value to institutional investors’ portfolios from a largely untapped pool of talent.

This database currently contains information on more than 1,600 money managers, private equity funds, private equity fund-of-funds, private real estate investments firms, real estate investment trusts (REITs), hedge funds, hedge fund-of-funds, consultants, emerging manager program managers, broker dealers, and research firms, and is available to new and emerging investment management firms through www.calpers.ca.gov and at www.alturacap.com.

Education Activities

CalPERS is a longtime supporter and partner of the Robert A. Toigo Foundation, an organization created to increase diversity in the financial services profession by awarding scholarships and providing mentors to Master of Business Administration (MBA) students. CalPERS has partnered with the Toigo Foundation to improve our outreach efforts and broaden our success in reaching diverse talent.

In November 2009, CalPERS hosted “A Day at CalPERS” for Toigo fellows and alumni to explore CalPERS employment opportunities. Participants attended a Board of Administration Investment

Committee meeting and participated in workshops hosted by Investment Office staff, who shared their initiatives and discussed employment opportunities. The Investment Office currently has 270 employees, and to increase the diversity of our workforce, CalPERS distributes job announcements to the widest audience possible.

The Toigo Foundation launched its inaugural Post Graduate Fellowship in Private Equity program and completed the selection process in February 2010. The selected Fellow will rotate through three organizations: a private equity firm; one of its portfolio company investments; and an institutional investor.

The yearlong Fellowship commences September 2010 beginning at The Carlyle Group, and the final leg of the rotation concludes in the CalPERS Investment Office.

CalPERS also participates in the annual Polanco Fellowship program, which provides leadership training and development for a select group of college graduates. This public policy fellowship is a yearlong placement that includes leadership training at the Center for Creative Leadership in La Jolla, an annual Institute Orientation at UCLA and a four-month placement in a major state agency in Sacramento. It concludes with an eight-month placement in the California State Legislature. Fellows selected by CalPERS have assisted on projects within our corporate governance program.

Planning for the Future

The Investment Office continues to develop and implement innovative approaches to uncovering untapped talent in the investment arena and to encourage CalPERS fund managers and partners to embrace these strategies as we look for diversity opportunities together across the entire investment portfolio and the marketplace for financial services.

Portfolio Management

A third advisor for the Emerging Manager Fund of Funds program was selected to manage an additional \$100 million allocation from the Global Equity Unit. The advisor was funded in September 2010.

The Real Estate Unit has retained Crosswater Realty Advisors, an external consultant, to assist in the research, design, and development of a formal emerging investment manager program. Staff plans to have the program development phase completed in 2011.

The Board of Administration again approved establishment of the diversity consulting pool. The Investment Office plans to renew its commitment to strengthen diversity efforts through releasing a new Request for Proposal (RFP) to obtain qualified consultants to provide research, development, and strategic planning to broaden our inclusion of organizationally diverse, and new and emerging investment managers.

Outreach

CalPERS and CalSTRS were scheduled to co-host the fifth workshop for the Diverse Director initiative during the September 2010 Council of Institutional Investors meeting.

The Investment Office also is in the planning stages to host in 2011 another new and emerging investment manager themed workshop. Plans also include exploring the integration of CalPERS Web-based Communication Services to provide a cost-effective means for participation in our outreach efforts by fledgling entrepreneurs.



CalPERS Vision, Mission, and Core Values

Our Vision

Pride in our service—providing confidence for your future.

Our Mission

To advance the financial and health security for all who participate in the System. We will fulfill this mission by creating and maintaining an environment that produces responsiveness to those we serve.

Core Values

Quality

- Strives to exceed customers' needs and expectations through competence, innovation and teamwork
- Proactively explores policy and product opportunities to better serve our customers
- Seeks to “do it right” the first time
- Considers, understands, and manages risk

Respect

- Treats every person with kindness and humility
- Values and recognizes every individual for their unique skills, talents and contributions
- Stays present in the moment and actively listens to understand others
- Is courteous, responsive and professional

Accountability

- Takes ownership of, and responsibility for, actions, risks and results and uses outcomes as learning opportunities
- Makes sound decisions from experience, good judgment and collaboration
- Gives and seeks clear expectations
- Finds solutions that contribute to desired results

Integrity

- Acts in all endeavors with an ethical, honest mindset and in a professional manner
- Honors commitments, keeps promises and builds trust
- Is truthful in all actions and communications

Openness

- Approaches every situation with good intentions
- Is receptive to new and diverse ideas
- Listens, cooperates and shares across the organization
- Encourages a trusting environment by being genuine and transparent in actions and communications

Balance

- Supports a healthy personal and professional balance
- Maintains focus on long-term goals while meeting short-term needs
- Embraces opportunities for personal and professional development
- Supports an environment that is optimistic and enjoyable in which relationships can prosper across our organization and communities



CalPERS Strategic Goals

Our Strategic Plan provides our organization with a blueprint for meeting the retirement and health benefits needs of more than 1.6 million members and participating employers. It guides our business relationships and interactions. Our business philosophy is straightforward. We are customer-focused, and our decision-making process is guided by value and quality. Below each strategic goal are statements of intent. These offer key insight into the way CalPERS approaches its business, and they highlight the values that are important to the Board of Administration, CalPERS staff, members, and employers.

Enterprise

- I. Exercise global leadership to ensure the sustainability of CalPERS pension and health benefit systems.
- II. Foster a work environment that values quality, respect, diversity, integrity, openness, communication, and accountability.
- III. Sustain a high performance work culture utilizing staff development, technology, and innovative leadership and management strategies.
- IV. Design and develop education and communication initiatives to ensure broad member and stakeholder understanding of CalPERS value.

Pension

- V. Provide sustainable pension benefit products and services responsive to and valued by members, employers, and stakeholders.
- VI. Administer pension benefit services in a customer oriented and cost effective manner.
- VII. Enable and educate members and employers to make informed decisions leading to a predictable and secure retirement future.

Asset and Liability Management

- VIII. Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits and, second, to minimize and stabilize contributions.
- IX. Achieve long-term, sustainable, risk-adjusted returns.

Health

- X. Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers.
- XI. Promote the ability of members and employers to make informed decisions resulting in improved lifestyle choices and health outcomes.
- XII. Engage and influence the healthcare marketplace to provide medical care that optimizes quality, access, and cost.



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